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land
A land tax is practically the
only tax that does not increase
the cost of living.

A
1914
SINGLE TAX
CATECHISM

AN EPITOME OF
THE A B C OF TAXATION

"Of the wealth that resides in land, the State is certainly the creator and the original and lawful owner. As the creator, not of the substance of the earth, but of the value residing in it, the State has a producer's immediate right to use and dispose of its product."—Professor J. B. Clark, now of Columbia University. "Saratoga Single Tax Discussion," 1890.

TWELFTH REVISION

C. B. FILLEBROWN

77 Summer Street

Boston

A 1914 Single Tax Catechism

1 Q. What is a tax ?

A. A tax is a compulsory contribution of individual product or the value of such product toward the needs of government.

2 Q. What is meant by the Single Tax ?

A. The payment of all public expenses from ground rent the normal revenue, thus eventually abolishing all taxes.

3 Q. What is the ethical basis of the Single Tax?

A. The common right of all citizens to profit by site values of land which are a creation of the community.

4 Q. What is meant by equal right to land?

A. The right of access upon equal terms—preference to be secured only upon payment of a premium that will extinguish the equal rights of all other men.

5 Q. What is meant by a joint or common right to land ?

A. The joint or common right to the rent of land—a right such as heirs—at—law have to share the income or rent of an estate. Joint rights may be, and often are, unequal rights.

6 Q. What is meant by land value?

A. Land value, in its usual sense, means the selling or market value of land—its net value to the purchaser—the value supposed to be adopted by the assessors as the basis of taxation.

7 Q. What is meant by site value of land?

A. The market value of situation irrespective of improvements.

8 Q. How about fertility value?

A. On the surface of the globe are countless varieties of exhaustible fertility, *i.e.*, chemical constituency, differing in kind and degree, from the nitrogen, hydrogen, oxygen and carbon of the soil to the carbon of the coal, the gold and the diamond.

Fertility as an attribute need not be predicated of agricultural land alone. Economic fertility belongs equally to any other land which yields to labor its product whether in food, mineral, or metal. Land may be fertile in wheat, corn and potatoes. It may be fertile in cotton, in tobacco, or in rice. It may be fertile in diamonds, in gold, silver, copper, lead, or iron. It may be fertile in oil, coal, or natural gas, in water power or water front. The value of artificial fertility is an improvement value. The value of natural fertility of any kind is a site value.

9 Q. Does not the Single Tax mean the nationalization of land?

A. No; as Henry George has said, "The primary error of the advocates of land nationalization is in their confusion of equal rights with joint rights. In truth, the right to the use of land is not a joint or common right, but an equal right; the joint or common right is to rent." It means rather the socialization of economic rent. It simply proposes gradually to divert an increasing share of ground rent into the public treasury.

10 Q. Does not the common right to rent involve common ownership of land?

A. Not in the least. When the economic rent is appropriated by the community for common purposes, individual ownership of land could and should continue. Such ownership would carry all the present rights of the land owner to use, control, and dispose of land, so that nothing like common ownership of land would be necessary.

11 Q. Did not Henry George believe in the abolition of private property in land?

A. Assuredly not. If he did, why was it that he suggested no modification whatever of present land tenure or "estate in land"? If he did, how could he have said that the sole "sovereign" and sufficient remedy for the wrongs of private property in land was "to appropriate rent by taxation?"

12 Q. What is meant by economic rent?

A. Gross ground rent—the annual site value of land—what land is worth annually for use—what the land does or would command for use per annum if offered in open market—the annual value of the exclusive use and control of a given area of land, involving the enjoyment of those “rights and privileges thereto pertaining” which are stipulated in every title deed, and which, enumerated specifically, are as follows: right and ease of access to water, health inspection, sewerage, fire protection, police, schools, libraries, museums, parks, playgrounds, steam and electric railway service, gas and electric lighting, telegraph and telephone service, subways, ferries, churches, public schools, private schools, colleges, universities, public buildings—utilities which depend for their efficiency and economy on the character of the government; which collectively constitute the economic and social advantages of the land; and which are due to the presence and activity of population, and are inseparable therefrom, including the benefit of proximity to, and command of, facilities for commerce and communication with the world—an artificial value created primarily through public expenditure of taxes. For the sake of brevity, the substance of this definition may be conveniently expressed as the value of “proximity.”

13 Q. What is meant by the right of property?

A. As to the grain a man raises, or the house that he builds, it means ownership full and complete. As to land, it means legal title, tenure, “estate in land,” perpetual right of exclusive possession, a right not absolute, but superior to that of any other man.

14 Q. What is meant by the right of possession?

A. As to land, if permanent and exclusive, as on perpetual lease, it means the right to “buy and sell, bequeath and

devise," to "give, grant, bargain, sell and convey" together with the rights and privileges thereto pertaining, in short, the same definition for POSSESSION that the law applies to PROPERTY.

- 15 Q.** What should be the limit of revenue under the Single Tax?

A. The same as under any other system of taxation, the cost of government economically administered.

- 16 Q.** Did not Henry George hold that the full ground rent of land should be taken in taxation?

A. No! Not only did he concede a margin of rent to the landlord, but as a matter of fact, as Thomas G. Shearman said, "not all the power of all governments" could collect in taxation all of ground rent.

- 17 Q.** You would not say that land is a product of industry?

A. No; but the annual site value of land is a product of the growth and industry of the community.

- 18 Q.** You would not say that the supply of land can be increased?

A. No; but fresh demand is constantly requiring not only an increase in the public equipment of land already in use, but also the constant extension of such equipment to new area.

- 19 Q.** Why should buildings and all other improvements and personal property and capital be exempt from taxes?

A. Because, in taxing them the community, instead of appropriating a fund of its own creation, already at hand and doubly sufficient for its own needs, is taking from the individual what belongs to him by the best of all titles, namely, the right of production.

- 20 Q.** Why should stocks and bonds be exempt?

A. Stocks, because they are only paper certificates of property, which itself has been taxed once already. Bonds, if legitimate, because a tax on borrowed money is paid after all by the borrower and so becomes

an added factor in cost of production, and consequently in the cost of living.

21 Q. What is privilege?

A. Strictly defined, Privilege is, according to the Century Dictionary, "a special and exclusive power, conferred by law, on particular persons or classes of persons and ordinarily in derogation of the common right."

22 Q. What is today the popular conception of privilege?

A. That it is the law-given power of one man to profit at another man's expense.

23 Q. What are the principal forms of privilege?

A. The appropriation by individuals, or by public service corporations, of the net rent of land created by the growth and activity of the community without payment for the same. Also, the less important privileges connected with patents, tariff and the currency.

24 Q. How may franchises be treated?

A. Franchise privileges may be abated, or gradually abolished by lower rates, or by taxation, or by both, in the interest of the community.

25 Q. Does Henry George's Single Tax imply or involve the municipalization of public utilities?

A. A public franchise value is a land value, which the Single Tax would assess at the same rate as other land values. The municipalization of the public utilities themselves is a different question, and is no necessary part of the Single Tax.

26 Q. Why should privilege be especially taxed?

A. Because a tax upon privilege can never be a burden upon industry or commerce, nor can it ever operate to reduce the wages of labor or increase prices to the consumer.

27 Q. How are landlords privileged?

A. Because, in so far as their land tax is an "old" tax, it is a burdenless tax, and because their buildings' tax is shifted upon their tenants; most landlords who let land, and also the tenement houses and business

blocks thereon avoid all share in the tax burden.

- 28 Q.** What is meant by an "old tax" or a "new tax"?

A. By the term "old tax" is intended the tax in force at last change of ownership; by a "new tax," one imposed since then.

- 29 Q.** How does privilege affect the distribution of wealth?

A. Wealth as produced is now distributed substantially in but two channels, privilege and wages. The abolition of privilege would leave but the one proper channel, viz.: wages of capital, hand, and brain.

- 30 Q.** How would the Single Tax increase wages?

A. By gradually transferring to wages that portion of the current wealth that now flows to privilege. In other words, it would widen and deepen the channel of wages by enlarging opportunities for labor, and by increasing the purchasing power of nominal wages through reduction of prices. On the other hand, it would narrow the channel of privilege by making the man who has a privilege pay for it what it is worth.

- 31 Q.** How can this transfer be effected?

A. By the abolition of privilege.

- 32 Q.** What form should such a measure assume in a political platform?

A. THE TAXATION OF PRIVILEGE.

- 33 Q.** How much ultimately may wages be thus increased?

A. Fifty per cent would be a low estimate.

- 34 Q.** What are "fair" prices and "fair" wages?

A. Prices unenhanced by privilege, and wages undiminished by taxation.

- 35 Q.** Why should land be singled out to bear the bulk of the burden of taxation?

A. Because in the private appropriation of the net rent of land is found the bulk of privilege.

- 36 Q.** How much does this particular form of privilege amount to?

A. It amounts for 1913 to approximately

forty million dollars for Boston and more than two hundred million dollars for Greater New York.

37 Q. In what other respects is land a better subject for taxation than everything else?

A. Land has three generic peculiarities by which it differs radically from everything else.

38 Q. What is its first generic peculiarity?

A. It is that the site value of land is a creation of the community—a public or social value.

39 Q. What is its second generic peculiarity?

A. It is that no tax, new or old, on the site value of land can be recovered from the tenant or user by raising his rent.

40 Q. What is its third generic peculiarity?

A. It is that the selling value of land, reduced as it is by the capitalized tax that is imposed upon it, is an untaxed value. Whatever lowers the income from land lowers proportionately its selling price, so that whether the established tax upon it has been light or heavy, it is no burden upon the new purchaser, who buys it at its net value and thus escapes all part in the tax burden which he should in justice share with those who now bear it all.

41 Q. Is not land peculiar also in that it is a gift of the Creator, and not a product of labor?

A. Yes, that is true of land itself, but not of the value of land.

42 Q. What is meant by a capitalized tax?

A. It is a sum, the interest of which would pay the tax.

43 Q. Why would the Single Tax be an improvement upon present systems of taxation?

A. Because the taking for public uses of that value which justly belongs to the public would relieve all workers and capitalists of those taxes by which they are now unjustly burdened, and would make unprofitable the holding of land idle.

44 Q. Should not all people pay taxes for the protection of their property?

A. Yes, and that is what they are doing

when they pay their ground rent. To tax them again, as is now done, is double taxation.

45 Q. Do all people, then, pay ground rent?
A. Yes, in proportion as they are users of land.

46 Q. Why, on similar lots of land, should one man with a \$10,000 building be taxed as much as another with a \$100,000 building?

A. Because the value of the privilege and opportunity of owning and occupying the land is the same in both cases.

47 Q. Would it not be confiscation so to increase the tax on land?

A. What would be "confiscated"? No land would be taken, no right of occupancy, or use, or improvement, or sale, or devise; nothing would be taken that is conveyed or guaranteed by the title deed.

48 Q. But would it not be an injustice to the land owner?

A. If it be an injustice to tax hard-earned incomes (wages) to maintain an unearned income (economic rent) that bears no tax burden, how can it be an injustice to stop doing so?

There can be no injustice in taking for the benefit of the community the value that is created by the community.

49 Q. What is the lesson of the inevitable "capitalization of the land tax"?

A. It is that an unfair discrimination in favor of the land owner can never be overcome until all taxes are paid out of ground rent; then all men will enjoy total exemption equally with the land owner.

50 Q. How could the land owner escape the alleged burden of an increase in his land tax?

A. Simply by assuming the legitimate role of a model landlord, by putting his land to suitable use, in providing for tenants at lowest possible price the best accommodations and facilities appropriate to the situation that money can buy.

51 Q. Does not a land tax increase house rent or store rent?

A. The landlord, as a rule, exacts the full

ground rent for the use of his land. To take half of this annual site value in taxation could not make land worth any more for use.

52 Q. In old cities, is not nearly all the land in use?

A. About one-half the area of New York and Chicago is classed by the assessors as vacant. In Boston the proportion is: Occupied, 45 per cent; vacant, 43 per cent; marsh, 12 per cent.

53 Q. How would the Single Tax affect the farmer?

A. It would greatly reduce his taxes. His buildings, stock and crops would be exempt. His land is at present assessed at nearly twice its proper unimproved value, while town and city land is often valued at less than one-half its actual value, thus subjecting him to a more than four-fold disadvantage.

54 Q. What relief could it bring to strictly agricultural towns, where the unimproved land values are very small?

A. However poor the town or heavy the taxes, it would at least tend to equalize their present tax burden. The assessed valuation of land in the three smallest towns of Massachusetts, Alford, Holland, and Peru, is \$282,335, or more than three times that of the buildings. Allowing one-half of the assessed valuation of land to be improvement value, the unimproved basis for taxation would be \$141,168, or 60 per cent more than the buildings. Thus an apportionment according to unimproved land values, increasing ever so slowly, would seem to be fairer than one according to improvements, which require constant renewal.

55 Q. How would the Single Tax affect the tenant?

A. It would neither increase nor decrease his "land" rent. It would reduce his "house" rent by the amount of the "house" tax.

56 Q. How would it affect the man who owns the house he lives in?

A. In nearly every case it would reduce his taxes. Roughly speaking, his taxes will be less or greater in proportion as his house is worth more or less than his land. He has usually not less than \$2,000 worth of house on \$1,000 worth of land, while the average downtown landlord frequently has no more than \$300 worth of building on \$1,000 of land, so that the two are now taxed in the proportion of \$3,000 to \$1,300. Under the single tax they would, on each \$1,000 worth of land, be taxed equally.

- 57 Q.** Would the Single Tax yield sufficient revenue for all government purposes, local, state and national?

A. Careful estimates indicate that all present taxes amount to not much more than one-half the annual site value of the land.

- 58 Q.** How could the Single Tax be put into operation?

A. By gradually transferring to land all taxes not already on it.

- 59 Q.** How might such a plan be worked out?

A. If fifty cents per thousand should be deducted yearly for thirty years from the rate on all property other than land, the reduction would finally amount to \$15 per thousand, and it would then be practically exempt from all taxation.

- 60 Q.** But how could it be worked out in case of the land?

A. Recognizing that a right thing may be done in a wrong way, it is insisted that a right way ought to be found to do a thing that ought to be done. The following is presented as A NATURAL AND CONVENIENT UNIT OF CALCULATION. To be exact: An average of about 20 per cent. of the gross ground rent of land is now taken in taxation, as for instance, in Boston. If an additional 1 per cent. should be taken each year for thirty years, it would amount at the end of that period to 30 per cent., which, added to 20 per cent., would make 50 per

cent., or one-half, which is about the average proportion that present taxes levied on all property bear to gross ground rent. Meantime few land owners would feel the change, much less be prejudiced by it. This plan may be varied to suit any situation. If 2 per cent, instead of 1 per cent, additional should be taken each year, the total tax at the end of twenty years would be 60 per cent, or at the end of thirty years, 80 per cent of the total ground rent.

On page 15 will be found a table showing what would be the successive land valuations and rates of taxation by application of the above unit of calculation. Bearing carefully in mind that this illustration is "per thousand" of land value, it is to be noted that the yearly increase of 50c. (1 per cent of the \$50 ground rent) and the yearly reduction of \$10 in the capitalized tax (50c. x 20 years) are both constant factors, so that the figuring is really very simple.

The initial factor (\$50 gross rent) being already reduced by existing taxation (assumed to be 20 per cent of \$50) to \$40 net rent, the valuation starts for 1915 at \$800.

If 2 per cent instead of 1 per cent were taken annually, the capital basis would be reduced in ten years to \$600, requiring a rate of \$33.33 per thousand, and in twenty years to \$400, requiring a rate of \$75 per thousand.

- 61 Q.** What is the distinction between the taxation of land and the taxation of rent?
A. Taxing land means, in the ordinary use of the words, to tax the land upon its capital value, or selling value, at a given rate per \$100 or \$1,000 of that value. Taxing rent means taxing the annual value, or ground rent, at a given percentage of that rent.

Whether the assessment be made upon the capital value, or upon the rent would make small difference for some years to come.

To change at any time from capital

basis to rent basis, it is only needful to cut out the last three columns of the formula leaving A as the gross rent actual or potential of a man's land, B the percentage of rent to be taken, and C the amount of the taxpayer's bill.

**SOME OF THE GOOD THINGS
SAID ABOUT
THE A · B · C · OF TAXATION
AND THE
SINGLE TAX HANDBOOK**

FROM LAWSON PURDY, PRESIDENT
OF THE BOARD OF TAXES AND
ASSESSMENTS OF THE CITY OF
NEW YORK, MARCH 28, 1910.

The "A B C of Taxation," by C. B. Fillebrown, is the clearest presentation of certain fundamental economic principles I have ever read. A large proportion of the ablest political economists from the time of Ricardo and Mill have substantially agreed as to the effect of taxes upon land. Nowhere has the consensus of opinion been set forth and illustrated so plainly as by Mr. Fillebrown.

LAWSON PURDY.

FROM THE BOSTON TRANSCRIPT,
TUESDAY, MARCH 16, 1909—AN
EDITORIAL BY F. SPENCER BALDWIN,
PROFESSOR OF POLITICAL
ECONOMY IN BOSTON UNIVERSITY.

New Single Tax Study

The book is one of real importance for students of taxation. It contains a presentation of the single tax doctrine which is in many respects the strongest that has yet been made. Mr. Fillebrown gives the proposal a deeper, broader and firmer grounding than it has before received. He has sought to base his argument upon established principles of economic science relating to the nature of land, rent and taxation, and on this basis to build up a structure of reasoning

that will stand the test of expert criticism. This task he has performed with a large measure of success. . . .

The most salient feature of this book is the clear distinction that is drawn between the programme of the single tax and the proposal of land nationalization.

The broad basis of Mr. Fillebrown's argument will, doubtless, withstand assaults. Briefly, he reasons that, since the ground rent of land is a social product, it is just to take at least enough of it in taxation to meet the expenses of government. Such a tax, furthermore, cannot be shifted from the land owners to other classes in the community, but must be paid wholly and finally by them. It is, moreover, just that they should be taxed specially in this fashion; because in most cases they have bought their land tax-free under the operation of the principle that the selling value of land is an untaxed value, and a land tax cannot survive a change of ownership. This three-fold support of the single tax is the stoutest that has been erected by any champion of the policy. . . .

FROM PROF. E. W. KEMMERER, CORNELL UNIVERSITY, ITHACA, N. Y.

"I have placed a number of copies of the 'A B C of Taxation' in the Cornell University finance laboratory, and require the students in my course in public finance to read a considerable portion of the book in connection with their study of the single tax and the unearned increment tax. The 'A B C of Taxation' I consider to be one of the best defenses of the single tax that has appeared since the publication of 'Progress and Poverty.' "

FROM THE AMERICAN ECCLESIASTICAL REVIEW (CATHOLIC).
PHILADELPHIA, APRIL, 1909.

The Single Tax Theory, in view of the widespread study given to the subject as a serious offer toward the solution of the great social problems now under discussion, needs

to be well understood by priests who would be equipped for an intelligent participation in the vital issues of public life and the things that concern the economic welfare of our people. . . . None of us can afford to ignore the ethical value of the principles which the theory advocates, and for a good study of this Mr. Fillebrown's volume presents a model object lesson, whether we agree with his conclusions or not.

FROM PROF. T. N. CARVER, DEPARTMENT OF POLITICAL ECONOMY,
HARVARD UNIVERSITY, CAM-
BRIDGE, JUNE 4, 1910.

Dear Mr. Fillebrown:

Your "A B C of Taxation" seems to me a very clear and concrete statement of the single tax doctrine. Therefore I have this year assigned the whole of it to be read by my class in Methods of Social Reform. It has proven entirely satisfactory from the instructor's standpoint, giving the students a clear idea of what the single taxers propose to do and what they hope will result from it, and I shall use it again next year.

Very truly yours,

T. N. CARVER.

FROM THE LATE RIGHT REV. WIL-
LIAM BYRNE, D.D., THIRTY
YEARS VICAR GENERAL OF THE
ARCHDIOCESE OF BOSTON.

"The A B C of Taxation" throws a much-needed light on the world-wide and hotly debated question of the rights and duties of land owners, and offers a remedy for the evils of present modes of taxation, well worthy of the consideration of ethical students, statesmen and Legislatures. Any plan of taxation that is likely to abate the abuses of land monopoly without injustice to the owners should be welcomed as tending to avert the far graver evils with which we are now threatened.

WILLIAM BYRNE.

Year	A. Land yielding a gross Ground Rent of	B. Percentage of the Ground Rent to be taken in taxation	C. Amount to be taken	D. Net Rent Remaining	E. Capitalized Value at 20 years	F. Tax Levy per thousand required
1915	\$50	20%	\$10.00	\$40.00	\$800.	\$12.50
1916	50	21%	10.50	39.50	790.	13.30
1917	50	22%	11.00	39.00	780.	14.00
1918	50	23%	11.50	38.50	770.	15.00
1919	50	24%	12.00	38.00	760.	15.80
1920	50	25%	12.50	37.50	750.	16.66
1921	50	26%	13.00	37.00	740.	17.57
1922	50	27%	13.50	36.50	730.	18.50
1923	50	28%	14.00	36.00	720.	19.44
1924	50	29%	14.50	35.50	710.	20.42
1925	50	30%	15.00	35.00	700.	21.42
1935	50	40%	20.00	30.00	600.	30.30
1945	50	50%	25.00	25.00	500.	50.00

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"It is apparent that the value of the land will fall in exact proportion to the increase of the tax, until when the tax equals the entire rent the value of the land will be zero. During these successive stages, however, the new purchasers lose nothing. The diminished rent will still yield them the same rate of interest as before, because of the diminished capital value on which the interest is computed."—Prof. E. R. A. Seligman, Columbia University, "Saratoga Single Tax Discussion," 1890.

"The whole of it (the land tax), therefore, is not taxation, but a rent charge, and is as if the State had retained, not a portion of the rent, but a portion of the land. It is no more a burden upon the landlord than the share of one joint tenant is a burden on the other. The landlords are entitled to no compensation for it, nor have they any claim to its being allowed for as part of their taxes. Its continuance on the existing footing is no infringement of the principle of equal taxation."—John Stuart Mill.

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